



Research report (Anno)



Core asset Georgia Lake delivers the fuel for the e-mobility megatrend

- Georgia Lake deposit has rich lithium reserves and represents a promising investment in the growth market of lithium
- Holdings of 13.3 million tonnes of lithium resources and thus the necessary amount for the economic production of the raw material
- Using the preliminary economic assessment (PEA), another important step towards lithium mining was taken
- PEA report values the main area of the core project in Georgia Lake at around CAD 312.0 million (NPV) with an IRR of 62.2%

Target price: CAD 4.05/EUR 2.71

Rating: BUY

IMPORTANT INFORMATION:

Please note the disclaimer/risk notice

as well as the disclosure of any possible conflicts of interest according to section 85 of the German Securities Trading Act (WpHG) and Art. 20 of the Market Abuse Regulation (MAR) from page 25

Note on research as a "minor non-monetary benefit" according to the MiFID II regulation: This research meets the requirements for being classified as a "minor non-monetary benefit". Further information about this is available in the disclosure under "I. Research under MiFID II"

English version

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Validity of the price target: until max. 31/12/2019

German version

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Date and time of the first distribution: 21/11/2018 (10:30)

Validity of the price target: until max. 31/12/2019

Rock Tech Lithium Inc. ^{*5a,5b,7,11}

Rating: Buy

**Target price: CAD 4.05/
EUR 2.71**

Current price:
CAD 0.91/EUR 0.57
06/11/2018 (closing price:
Toronto/Frankfurt)

Master data:

ISIN: CA77273P2017
WKN: A1XF0V
Ticket number: RCK
Number of shares³: 34.40
Marketcap³: 29.41/19.61
EnterpriseValue³: 26.29/17.53
³ in mCAD/in mEUR
Free float: 30.5%

Primary market:
Toronto
Secondary market:
Frankfurt

Accounting:
IFRS

Financial year: 31/12

Analysts:

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* Catalogue of potential conflicts of interests on page 26

Corporate profile

Segment: Exploration and mining development
Focus: Commodity assets in the area of lithium

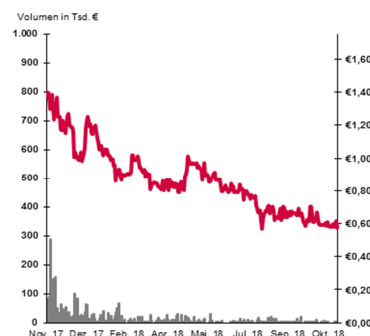
Employees: 5 permanent and 15 freelancers

Founded: 2010

Registered office: Vancouver, Canada

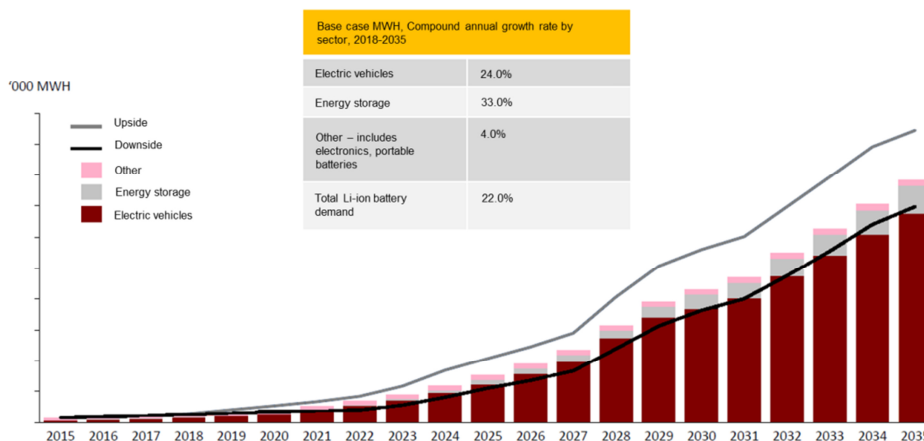
Board of Directors: Dirk Harbecke, Dr Peter Kausch, Martin Stephan, Brad Barnett

Advisory Board: Prof. Heinz Riesenhuber, Carl-Peter Forster, Prof. Jens Gutzmer, Norbert Steiner



Rock Tech Lithium Inc. (Rock Tech) is a Canadian exploration company under German management. The aim of its business is the development of commodity assets. The company has focused specifically on commodity assets in the lithium segment. With the core asset Georgia Lake area in Canada (Ontario), Rock Tech has an area spanning approximately 93.0 km² in which lithium has already been found and mined, and further explorations for lithium reserves are being carried out. The current NI-43-101-compliant resource estimates (lithium oxide) compliant for this area are 1.89 million tonnes of “measured resources” (Li₂O grade: 1.04%) and 4.68 million tonnes of “indicated resources” (Li₂O grade: 1.00%) and 6.72 million tonnes of “inferred resources” (Li₂O grade: 1.04%), which is equivalent to 148,000 tonnes of lithium oxide (Li₂O). In addition, the company has another promising lithium project in the Nogalito (Sonora, Mexico) lithium concession area.

Expected demand for lithium-ion batteries



Sources: Benchmark Mineral Intelligence; GBC AG

NI-43-101 Resource estimates for the Georgia Lake area

NI 43-101 Category	Old resource estimate (for 2012, in tonnes)	Grading Li ₂ O	New resource estimate (for 2018, in tonnes)	Grading Li ₂ O
Inferred resources	6,310,000	1.00%	6,720,000	1.16%
Indicated resources	3,190,000	1.10%	4,680,000	1.00%
Measured resources	-	-	1,890,000	1.04%
Total	9,500,000	1.03%	13.290.000	1.09%

Source: Rock Tech; GBC AG

EXECUTIVE SUMMARY

- The current environment for Rock Tech is still very promising. Falling lithium-ion battery prices, increased regulation in the automotive industry (e-car sales quotas, higher emissions limits, etc.), pending bans on conventional motor vehicles, planned departure in certain countries from classic drive technology in motor vehicles, increasing environmental protection (sustainability) and government subsidies are boosting demand for electric vehicles and thus the demand for lithium, as vast quantities of this metal are used in key individual components (batteries) in electric cars.
- The market for electric vehicles is a relatively young market and has recently shown dynamic growth. We expect that the electric vehicle market will continue its strong growth in the future and secure a significant market share in the overall automobile market in the long term. Automobile research institutes, such as the CAM, are acting on the assumption that electric cars will account for around 25.0% to 40.0% of sales on the entire automobile market in 2030. Against the backdrop of what we expect to be the long-term establishment of electric mobility, we expect increased demand for lithium from the automotive industry for many years to come.
- However, the demand for lithium is not only influenced by the automobile sector. Other growth markets, such as the e-bikes market and the energy storage market require larger quantities of lithium for batteries. These markets are also proven growth markets that have performed extremely strongly in recent years. We also expect continued significant growth for these sectors in the long term, which should, in parallel, also reflect in strong demand for lithium. These new markets will therefore, in our view, provide added impetus for lithium demand.
- The increasing demand for lithium is also already being reflected in the market price for lithium carbonate (the most used type of lithium). The price has exploded between 2014 and today increasing by almost 200.0% to around USD 14,000/tonne. Due to the continuing increase in demand for lithium from various sectors and a continuing limited supply of lithium, we expect the lithium price to remain at a very high level over the long term.
- Due to the excellent conditions on the market and the attractive market environment, Rock Tech has put suitable strategic measures in place to benefit from this positive market trend in the area of lithium. Against this background, Georgia Lake, which was purchased in 2009, was significantly developed. In doing so, the historical resource estimates were converted to NI-43-101-compliant resource estimates and were thus confirmed or even substantially increased. In addition, other key steps, such as the preparation of the PEA report, were taken towards lithium production.
- Building on the expanded NI-compliant resource base totalling 13.3 million tonnes (Li₂O grade: 1.09%) a preliminary economic assessment (PEA) was carried out. This assessment resulted in a valuation of the core asset Georgia Lake at CAD 312.0 million (MPV) with an IRR of 62.2%. The results of the analysis therefore show great economic potential for the Georgia Lake area and thus attractive potential returns for investors.
- Rock Tech's core business is to further develop promising commodity assets (in particular in lithium) that are still at an early stage, acquire them and promote them further. In our opinion, the company's primary aim is not to mine commodities themselves, although it can be an option in individual cases, in order to achieve the best shareholder return.
- **Based on the current 13.3 million tonnes in NI-compliant lithium resources and the excellent framework conditions (e-mobility megatrend, strong increase in the price of lithium), according to our DCF model, we regard the current fair**

value of Rock Tech Lithium Inc. to be CAD 4.05 or EUR 2.71 (previously: CAD 4.00 or EUR 2.56). The change in stock price target results from slight dilution effects and an adjusted cost of capital due to a change in risk-free interest rates.

- **Based on the current price level, there is still great share price potential and thus the BUY rating remains unchanged. In light of the burgeoning e-mobility sector and the further development of the core asset Georgia Lake towards lithium production, we see a good chance that Rock Tech could be acquired by a company from the direct or indirect e-mobility sector (battery corporation, commodity corporation or automobile corporation) in the medium term or start cooperation with such a company.**

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MARKET AND MARKET ENVIRONMENT

Today, lithium as a raw material is primarily used in lithium-ion batteries (battery packs). These are in turn used in particular in electric cars, energy storage, e-bikes and electronic devices.

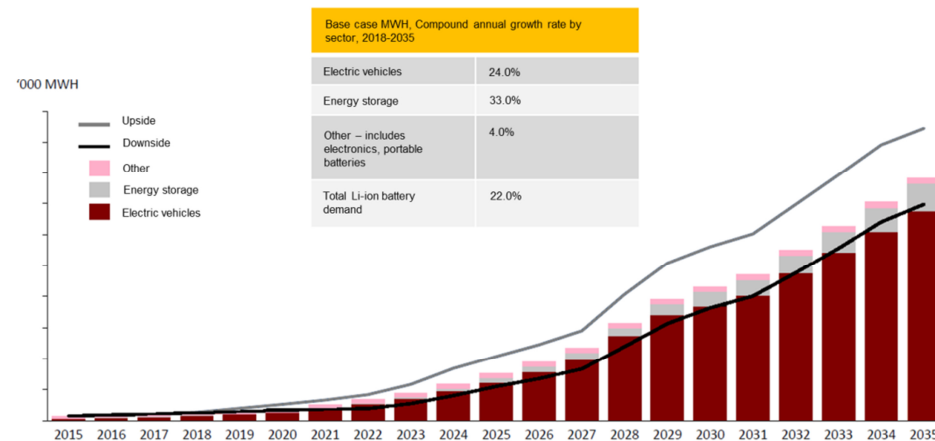
Use of lithium in various areas of application



Source: VISUAL CAPITALIST; GBC AG

In the long term, we are acting on the assumption that the majority of demand for lithium-ion battery packs or lithium in general will come from the area of electric cars (e-mobility). For this sector, we are assuming very dynamic growth in the years to come. In addition, growth markets such as energy storage or e-bikes are also expected to have a positive effect on the future demand for lithium.

Expected demand for lithium-ion batteries



Source: Benchmark Mineral Intelligence; GBC AG

Demand for e-mobility is primarily driven by the factors of regulation, environmental awareness, energy prices, the supply of electric cars and the charging infrastructure for alternative drive concepts. In our view, the development of demand for e-mobility will be influenced in particular by the increasing and more stringent regulation. This includes, for example, the CO₂ emissions limits to be observed by car manufacturers in the EU (stricter emissions limits for “fleet quotas”), electric car sales quotas to be observed in certain countries (China) or the planned departure in certain countries from motor vehicles with combustion engines (e.g. France, Great Britain, India, China and Norway).

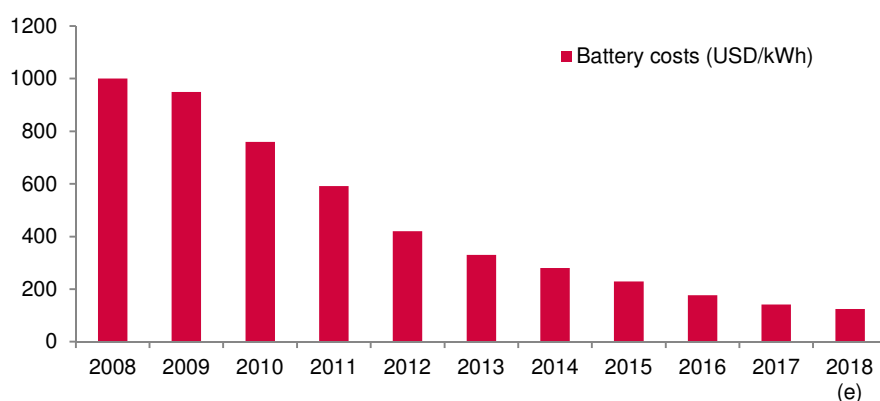
In addition, the demand for e-mobility solutions also depends on the specific supply of electric cars. Many traditional automobile manufacturers and pure electrical car providers view the electric drive as “THE drive form” of the future. As a result of this, they are investing more heavily in this area in order to establish the electric car as a mass product in the long term. According to analyses from the economic experts at Reuters, the automotive industry is planning to invest almost USD 90.0 billion in electric cars in the coming years.

Moreover, traditional automobile manufacturers are also investing in hybrid drive concepts and therefore are still investing in their conventional types of drive (combustion engines). These are intended to be an “interim solution” on the way to the pure electric car, which in our opinion will gradually replace the classic combustion engine.

Due to the increased investment in e-mobility by the automotive industry, significant progress has already been made in terms of both products and service offerings in the past few years. That is why today’s electric cars, such as the Nissan Leaf or the Tesla Model S, have been able to span distances of between 200 km and 350 km in practice. Furthermore, the purchase prices for electric cars have fallen considerably in the meantime due to economies of scale and have thus come far closer to the list prices of classic vehicles.

We are assuming that the further development of lithium-ion battery packs will continue to expand the range of electric cars. In addition, the continued expansion of battery mega factories is also expected to lead to a further drop in the prices of battery packs. According to the experts at Benchmark Mineral Intelligence, over 50 such mega factories are being planned for the coming decades. Production capacities are currently being enhanced and increased, particularly in China (Samsung, Panasonic, LG and local producers) and the USA (Tesla/Panasonic), which are expected to considerably increase the volume of lithium batteries in future and thus help lower costs.

Cost trends in lithium-ion batteries



Sources: International Energy Agency; Cairn ERA; GBC AG

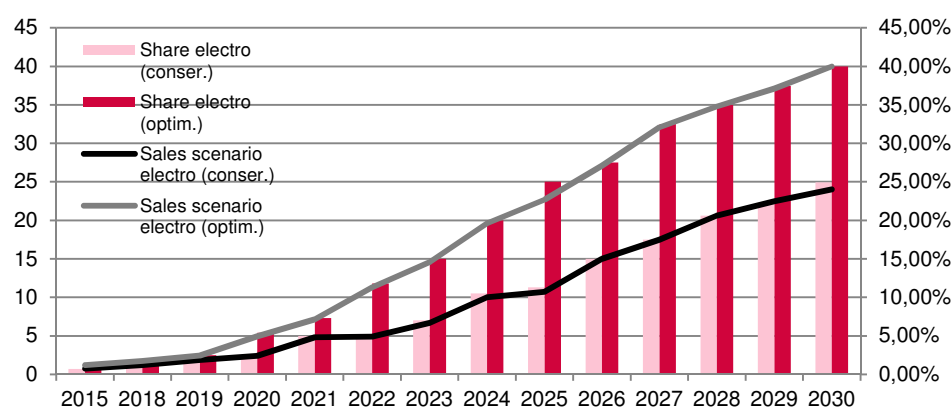
At a price of approx. USD 100/kWh, an electric car would represent the more cost-effective mobility solution in comparison with the costs of a traditional car with a combustion engine. Consequently, automobile manufacturers such as Tesla and General Motors are aiming for target costs of less than USD 100/KWh for the battery components for 2020 and 2022 respectively in order to offer prospective customers even more added value when purchasing an electric car.

As the costs of manufacturing lithium-ion battery packs account for a significant portion of the total costs of an electric car, this would also cause the offer prices of electric vehicles to fall significantly.

As automobile corporations in particular are joining the classic energy corporations in the construction of a suitable e-mobility charging infrastructure, we are also expecting a significant improvement in the charging infrastructure and charging technology in general. For example, automobile companies such as BMW, Daimler, Volkswagen (Group) and Ford are planning to construct a network of 1000 quick-charging stations throughout Europe by 2020 as part of a collaborative effort. The American car manufacturer Tesla already has a vast network of quick-charging stations (currently 1,229 charging stations around the world) and is continuing to expand its network.

In addition, the increasing environmental awareness of society (eco-trends/sustainability) and rising oil prices are boosting the demand for electric vehicles.

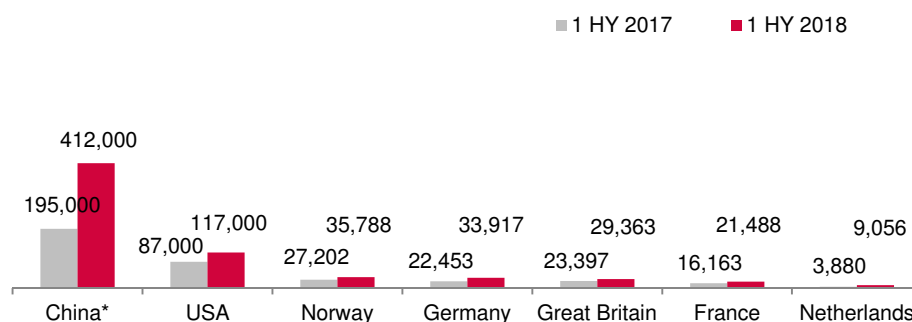
Scenarios of the global electric car market boom (sales in millions of cars/electric cars as a proportion of total car sales)



Sources: Center of Automotive Management (CAM); GBC AG

Against this background, we are expecting dynamic sales growth in electric cars for the years to come. The proportion of the global car sales market held by electric cars will rise rapidly from 1.22% (conservative estimate by the CAM) in 2018 to around 25.0% in 2030 (conservative forecast by the CAM) and so electric cars are expected to penetrate the market effectively.

Sales trends of electric cars (BEV, PHEV) in key markets



*rounded, including commercial vehicles; China, USA and Norway, including fuel cells; estimates were used for some manufacturers in the USA

Sources: CAM; GBC AG

Again in the first six months of 2018, the global electric car market continued the positive growth trend from previous years and was heavily influenced by the China sales region, which constitutes a leading market for global e-mobility. China still represents the largest single market for electric vehicles and posted the greatest year-on-year growth in the first six months of 2018. It is followed by the USA as the world's second biggest market for

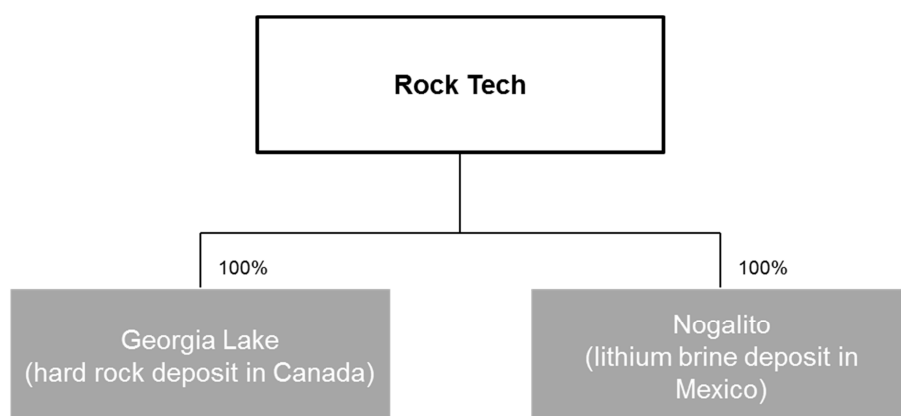
electric cars by far, which was also able to post a significant increase year-on-year. They are followed in the rankings by Norway, Germany, Great Britain, France and the Netherlands.

We believe Rock Tech to be well positioned to benefit from the rising demand for lithium-ion batteries resulting increasingly from the automotive sector (e-mobility megatrend). In our opinion, e-mobility will gradually replace the combustion engine and establish itself in “tomorrow’s world of mobility”.

COMPANY

Rock Tech Lithium Inc. is a Canadian exploration company under German management. The aim of its business is the development of commodity assets. The company has focused specifically on commodity assets in the lithium segment. With the core asset Georgia Lake area in Canada (Ontario), Rock Tech has an area spanning approximately 93.0 km² in which lithium has already been found and mined, and further explorations for lithium reserves are being carried out. The current NI-43-101-compliant resource estimates (lithium oxide) for this area are 1.89 million tonnes of “measured resources” (Li₂O grade: 1.04%), 4.68 million tonnes of “indicated resources” (Li₂O grade: 1.00%) and 6.72 million tonnes of “inferred resources” (Li₂O grade: 1.16%), which is equivalent to around 148,000 tonnes of lithium oxide (Li₂O). In addition, the company has another promising lithium project in the Nogalito (Sonora, Mexico) lithium concession area.

Rock Tech’s lithium projects

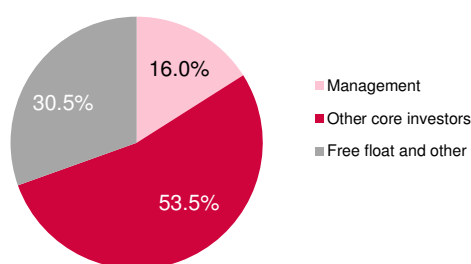


Source: GBC AG

Shareholder structure

Shareholder in %	23/10/2018
Management	16.0%
Other core investors	53.5%
Free Float and others	30.5%

Sources: Rock Tech; GBC AG



NI-43-101 Resource estimates for the Georgia Lake area

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Total	9,500,000	1.03%	13,290,000	1.09%

Source: Rock Tech

Timeline

Date	Event
1996	Rock Tech Inc. is founded.
2009	The Georgia Lake lithium area in Ontario, Canada is taken over
2009-2010	The early phases of the lithium exploration projects, Kapiwak and Lacorne, are taken over.
2011	The first NI-43-101-compliant lithium resource estimate: 2.36 million tonnes in indicated resources with 1.17% Li ₂ O purity grade and 4.36 million tonnes in inferred resources with 1.07% Li ₂ O purity grade
2012	The Lochaber graphite area in Québec, Canada is taken over.
2012	The Kapiwak and Lacorne exploration projects are discontinued due to the low lithium price at the time and the concentration on the Georgia Lake area as well as the Lochaber graphite area
2012	The second NI-43-101-compliant lithium resource estimate (resource update): 3.19 million tonnes in indicated resources with 1.10% Li ₂ O purity grade and 6.31 million tonnes in inferred resources with 1.00% Li ₂ O purity grade
2012	At the end of 2012, management decides to suspend exploration activities at Georgia Lake due to the drop in the lithium price at the time.
2014	The Lochaber project is sold to Great Lake Graphite (GLK) for CAD 300,000 and 15 million GLK shares
2016	Capital increase within the scope of a private placement: issue of 3,940,000 million shares at \$0.30, gross issue proceeds of \$1.18 million
2016	A further capital increase in the context of a private placement amounting to \$2.17 million by issuing around 3.01 million shares (at \$ 0.90 per share)
2017	Extensive exploration work was carried out in the core asset Georgia Lake to modernise the historical resource data and to identify new resources. These explorations were concluded with good analysis results and concentrated in particular on the regions of Jean Lake/Parole Lake, Aumacho, McVittie and Nama Creek.
2018	Rock Tech signs a declaration of intent to purchase exploration targets for lithium brines in Mexico (Nogalito Project)
2018	Rock Tech commissions the German DMT Group to tap into its main asset Georgia Lake
2018	Rock Tech starts the preliminary economic assessment (PEA) of Georgia Lake. Rock Tech's cooperation partner DMT was commissioned to execute this.
2018	The third NI-43-101-compliant lithium resource estimate (resource update): 1.89 million tonnes of measured resources with a Li ₂ O purity grade of 1.04% and 4.68 million tonnes of indicated resources with a Li ₂ O purity grade of 1.00%, as well as 6.72 tonnes of inferred resources with a Li ₂ O purity grade of 1.16%
2018	Rock Tech presents the results of the first preliminary economic assessment (PEA): the main area of the Georgia Lake reserve is valued by experts at CAD 312.0 million (NPV) with an IRR of 62.2%

Sources: Rock Tech; GBC AG

Georgia Lake area – Rock Tech’s core lithium asset

General information on the commodities asset

The Georgia Lake area is situated in the Thunder Bay mining area, an estimated 145 km northeast of Thunder Bay, Ontario, and 6 km east of Lake Nipigon. Georgia Lake comprises an area that has extensive lithium reserves.

In the 1950s, the Canadian company, Nama Creek Mines in the Nama Creek mining area (a subarea of Georgia Lake), already successfully mined lithium in the Nama Creek mining area. For this purpose, a 155m shaft was sunk into these reserves. In the late 1950s, lithium was mainly used as an additive for rocket fuel. After hydrogen became popular as a replacement in this area, the price of lithium dropped sharply and Nama Creek discontinued its lithium operations. On the whole, this area is a commodities asset that is still in the investigation or exploration phase.

Georgia Lake project



Sources: Rock Tech; GBC AG

Rock Tech took over Georgia Lake’s associated areas in three phases in 2009, 2010 and 2011. At the end of 2009, Rock Tech acquired James Bay Midarctic Developments Inc. (JBMD). The entire land package comprises an area of 47 km² with 23 mining claims (totalling 36 km²) and 61 mining leases over an area of 11 km² as well as 8 mining claim blocks. In April 2010, Rock Tech announced that the Ontario Ministry of Mines was releasing its 41 mining claims to Rock Tech, which cover an (additional) area of 68 km². In 2011, Rock Tech then took over another 17 mining claims over an area of 12 km² increasing the total land package to 127 km². The acquisition of the new mining claims resulted in Rock Tech now being in a position of consolidating the original 8 claim blocks into three larger claim blocks and a single claim block. Georgia Lake currently consists of 81 leased and 293 claim units, which cover an area of almost 93.0 km².

Exploration work since 2016

Against the background of a positive demand trend on the lithium market and an equally attractive development of the lithium price, in August 2016, Rock Tech initiated an extensive exploration programme at the core asset Georgia Lake after no significant investments had been made in that commodity asset since 2013. The aim of this package of measures was to confirm historical resources and even increase them.

The excavations and samples taken in 2016 resulted in high-grade sample results of up to 4.42% lithium oxide (the highest value that has ever been achieved in the Georgia Lake area) and a better understanding of the pegmatites known to contain lithium. Alongside this, in the course of surface work, a new lithium-containing piece of pegmatite was discovered in the vicinity of the Nama Creek area of the core asset.

After the majority of historical resource estimates had been confirmed or even increased, in particular in the Nama Creek and Conway Areas, Rock Tech concentrated its exploration activities in the unconfirmed areas of Jean Lake/Parole Lake, Aumacho, Newkirk, McVittie and MNW (unconfirmed resources are currently estimated at around 0.99 million tonnes of Li₂O).

Current exploration efforts are aiming at increasing the resource base by converting the unconfirmed resources to confirmed, NI-43-101-compliant resources and new discoveries.

During winter 2017, Rock Tech carried out a subsequent drilling programme in the Parole Lake and Aumacho area, where samples showed the highest lithium content.

In the Parole Lake area, seven holes were drilled in one pegmatite (of at least six known pegmatites) over a total of 1,383 metres. The results of the analysis of this drilling programme published in June 2017 showed high lithium mineralisation contents.

Results of the drilling in Parole Lake (June 2017)

Drill hole	From (m)	To (m)	Length (m)	Grade (% Li₂O)
PL-17-01	60.39	66.00	5.61	1.05
PL-17-02	110.00	117.00	7.00	1.58
PL-17-03	134.31	145.96	11.65	1.53
PL-17-06	146.44	153.37	6.93	1.30
PL-17-07	121.41	122.41	1.00	1.39

Source: Rock Tech

In addition, seven holes were drilled over a total of 584 metres on two of three known pegmatites in the Aumacho area. The results of the analysis published in July also showed significant lithium mineralisation.

Drilling results in Aumacho (July 2017)

Drill hole	From (m)	To (m)	Length (m)	Grade (% Li ₂ O)
AM-17-01	48.00	48.85	0.85	2.03
AM-17-02	45.07	49.00	3.93	0.65
AM-17-02	57.48	58.83	1.35	2.24
AM-17-03	61.37	66.50	5.13	1.13
AM-17-03	74.28	75.58	1.30	1.34
AM-17-04	59.47	64.50	5.03	2.76
AM-17-05	64.75	70.94	6.19	1.78
AM-17-06	48.97	51.30	2.33	2.45
AM-17-06	60.00	62.00	2.00	2.77
AM-17-07	68.33	70.20	1.87	2.68

Source: Rock Tech

In late July 2017, Rock Tech announced the start of the summer field program at the core asset Georgia Lake, focusing on the Parole Lake sub-area. The aim of the programme was to sample the other pegmatite known to contain lithium after holes had previously been drilled in one of the pegmatites, and to search for new, previously undiscovered or unreported pegmatites. This was intended to lay good foundations for future drilling programmes.

In August 2017, Rock Tech announced that the field programme, which had been started in the Parole lake area, was being expanded to include the Aumacho, McVittie and Nama Creek regions. Six samples were taken in Parole Lake and McVittie, as well as further samples in the Aumacho and Nama Creek regions.

In late August 2017, Rock Tech announced that the company had discovered two new pegmatites in addition to the main resource zone in Nama Creek during the course of the field programme. One of the bodies of rock containing lithium showed evidence of previous work, but had not been mapped. These pegmatites add to the untested and mapped pegmatites in the immediate vicinity of the main resource area and the new reserves, which were discovered during the prospecting work in 2016.

In September, Rock Tech published the first results of the analysis of the field samples in the Parole Lake area (September 2017), when a total of six random samples were taken from pegmatite dykes No. 1 and No. 3. According to information from the company, this area constitutes one of the most important growth areas in the core asset Georgia Lake and the good sample results confirm that subsequent excavation and drilling work is desirable.

Sample results from Parole Lake (September 2017)

Area	Lithium oxide in % (Li ₂ O)
Parole Lake No. 1	Below detection
Parole Lake No. 1	1.68
Parole Lake No. 1	0.41
Parole Lake No. 1	1.01
Parole Lake No. 1	2.32
Parole Lake No. 1	1.14

Source: Rock Tech

A short time thereafter (October 2017), the company published further results of the analysis of the field programme carried out in the McVittie region.

Sample results from McVittie (October 2017)

Area	Lithium oxide in % (Li ₂ O)
McVittie	1.93
McVittie	1.99
McVittie	2.31
McVittie	1.70
McVittie	2.01
McVittie	1.72

Source: Rock Tech

In mid-October 2017, Rock Tech published further results of the analysis of the field samples carried out in the Nama Creek area. A total of nine samples were taken from the areas that had been sampled in 2016, as well as the previously unsampled but mapped pegmatites. In addition, outcrops were discovered during the exploration work which contained lithium mineralisation (see the results of the analysis below) and are linked to one or more pegmatites.

Sample results from Nama Creek (October 2017)

Area	Description	Lithium oxide (% Li ₂ O)
Nama Creek	area of 2016 samples	1.21
Nama Creek	area of 2016 samples	2.02
Nama Creek	area of 2016 samples	2.05
Nama Creek	area of 2016 samples	2.35
Nama Creek	area of 2016 samples	2.47
Nama Creek	mapped, but untested	0.21
Nama Creek	mapped, but untested	0.97
Nama Creek	mapped, but untested	1.11
Nama Creek	mapped, but untested	1.88
Nama Creek	new discovery	0.59
Nama Creek	new discovery	1.02
Nama Creek	new discovery	1.49
Nama Creek	new discovery	1.55
Nama Creek	new discovery	1.68
Nama Creek	new discovery	1.89
Nama Creek	new discovery	1.99
Nama Creek	new discovery	2.12

Source: Rock Tech

Against the background of the major success in the exploration in Georgia Lake's main resource zone in the Nama Creek area, Rock Tech announced further excavation work in mid-November 2017 (excavation, channel sampling) in this region.

In January 2018, Rock Tech announced the results of the analysis from the most recent excavations and channel samples in the course of the exploration work alongside the main resource zone in Georgia Lake. The samples were taken from 17 dykes in and around the recorded pegmatites, which are located in the vicinity of the main resource area in Nama Creek. In the course of the excavation in this area, at least four pegmatite dykes were discovered. In addition, another lithium-containing pegmatite at an oblique angle (running northwest to southeast) was discovered in this area and channel samples were also taken (NC-CH-17-09 & NC-CH-17-11).

Sample results from regions near Nama Creek (January 2018)

Channel sample	From (m)	To (m)	Length (m)	Grade (Li ₂ O)
NC-CH-17-01	1.00	2.40	1.40	0.87
NC-CH-17-02	0.70	4.70	4.00	1.06
NC-CH-17-03	1.00	3.00	2.00	1.18
NC-CH-17-04	0.75	2.80	2.05	0.76
NC-CH-17-05	1.10	1.92	0.82	0.71
NC-CH-17-06	0.00	2.20	2.20	0.29
NC-CH-17-07	0.80	2.80	2.00	0.95
NC-CH-17-08	1.50	3.40	1.90	1.31
NC-CH-17-09	0.70	3.20	2.50	1.38
NC-CH-17-10	1.50	2.70	1.20	0.48
NC-CH-17-11	0.70	1.70	1.00	1.09
NC-CH-17-15	1.50	4.70	3.20	1.01
NC-CH-17-16	1.50	3.00	1.50	0.95
NC-CH-17-17	0.50	3.00	2.50	1.56
including	2.50	3.00	0.50	2.80

Source: Rock Tech

In early February 2018, the company published the results of a third batch of samples from its excavation programme and announced a planned drilling programme. The results of the random samples came from the sampling of pegmatites near the main resource zone in Nama Creek. According to statements from the company, the results gathered from the excavation and channel sampling are expected to pave the way for drilling in the coming months.

Further sampling results in areas near Nama Creek (February 2018)

Sample Type	Lithium oxide in % (Li ₂ O)
Grab	0.31
Grab	0.76
Grab	1.31
Grab	1.42
Grab	2.28

Source: Rock Tech

In late March 2018, Rock Tech commissioned the German DMT Group to further tap into Georgia Lake. This collaboration includes resource analyses and feasibility studies in particular. In the course of the collaboration, Rock Tech announced the results of the analysis of the new resource estimates for the Georgia Lake core project in June 2018. These allowed Rock Tech to increase the lithium tonnage of the core asset by more than 40.0%. In the course of this, the measured and indicated resources were more than doubled. For the current financial year 2018 and for 2019, further exploration work is planned in the Georgia Lake area to further increase the resource base, but to a moderate extent. The intensity of exploration work of the previous year is therefore not the target here.

HISTORICAL DEVELOPMENT OF THE COMPANY

in mCAD	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	1 HY 2018
Operating expenses	-1.44	-0.53	-0.73	-0.47	-1.19	-3.28	-0.80
Other expenses	-3.77	-4.69	-0.70	0.35	0.05	0.00	0.00
Profit for the period	-5.20	-5.22	-1.43	-0.12	-1.15	-3.28	-0.80
Exploration costs	-2.09	-0.12	0.00	0.07	-0.58	-0.98	-0.17
Cash flow from operating activities	-1.23	-0.48	-0.30	-0.44	-0.69	-1.22	-0.89
Cash flow from investing activities	-1.62	-0.22	0.36	0.73	-0.34	-0.85	-0.16
Cash flow from financing activities	0.20	0.62	0.20	-0.42	3.97	1.88	0.24
Cash and cash equivalents	0.10	0.01	0.27	0.14	3.09	2.90	2.08
Balance sheet valuation of projects	7.77	3.35	1.68	1.51	1.99	2.98	3.18
Equity (equity ratio)	6.73 (82.5%)	1.60 (45.9%)	1.11 (50.5%)	1.34 (74.5%)	4.94 (94.2%)	5.60 (94.2%)	5.14 (94.5%)

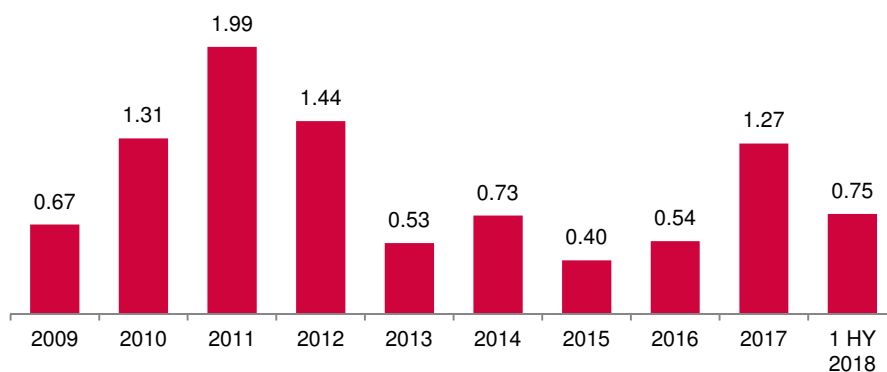
Sources: Rock Tech; GBC AG

Development of the company to date

As an exploration company in the field of lithium, Rock Tech naturally does not have any sales revenues yet.

The commodity specialist's results are primarily characterised by operating expenses, which mainly represent administrative expenses as well as consulting costs, travel costs and general personnel costs. Expenses in connection with the further development of projects, such as exploration costs, are immediately capitalised by Rock Tech and therefore not shown in the income statement.

Operating expenses excluding share-based payments since 2009 (in mCAD)



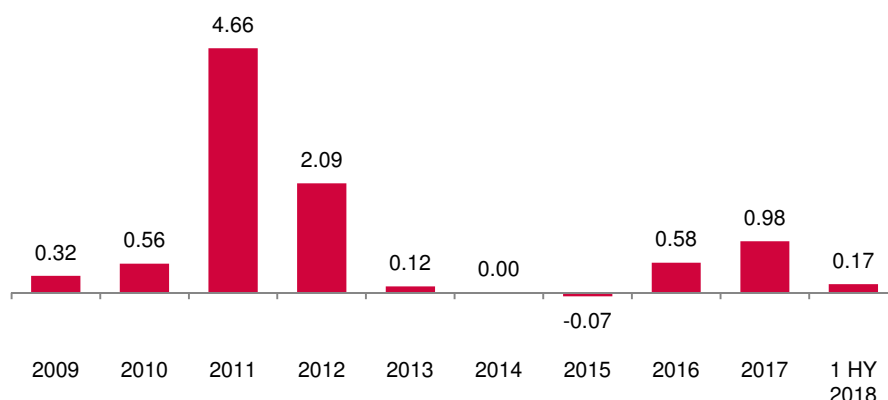
Sources: Rock Tech; GBC AG

The comparatively high volatility of operating expenses is closely linked to the company's efforts to further develop its projects. In 2012 and 2018, geological NI-43-101-compliant investigations were carried out at the core asset Georgia Lake, which resulted in higher consulting expenses and other related costs surrounding this event in the run-up to the

investigation (in 2011 and 2017). In the past financial year 2017, another increase in operating costs was evident.

In parallel to the operating expenses, Rock Tech incurs direct exploration costs, but these are not recognised in the income statement as they are capitalised. However, the exploration expenses are reflected in the company's statement of cash flows.

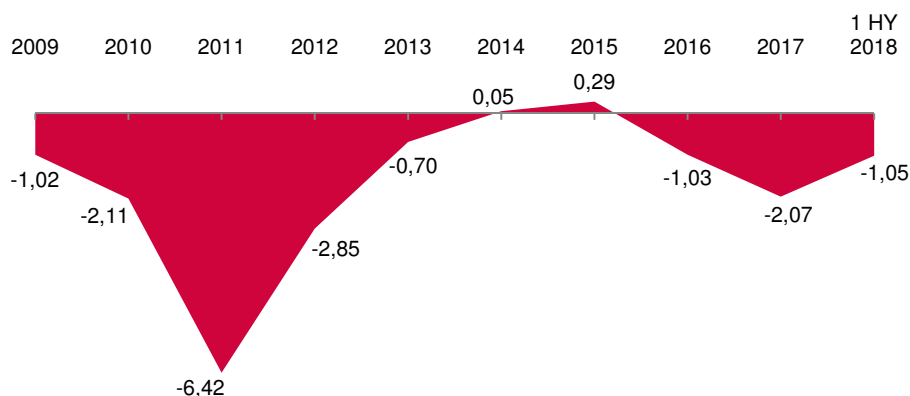
Exploration costs since 2009 (in mCAD)



Sources: Rock Tech; GBC AG

Since 2009, exploration costs have totalled CAD 9.41 million, with the majority of these investments in the Georgia Lake project, which accounted for CAD 6.35 million. As with the operating expenses, the company experienced particularly high up-front costs in the 2011 and 2017 financial years in connection with the NI-compliant investigations in the Georgia Lake project carried out in 2012 and 2018.

Free cash flow since 2009 (in mCAD)



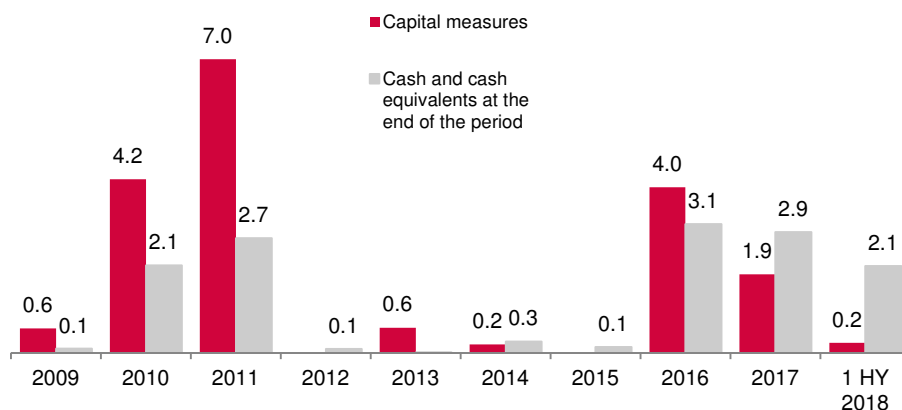
Sources: Rock Tech; GBC AG

The positive free cash flow in financial years 2014 and 2015 is due to the cash inflows from the disposal of the "Lochaber Graphite Property, Québec" project. From this transaction with Great Lakes Graphite Inc., a liquidity inflow of a total of CAD 1.10 million occurred in 2014 and 2015.

Rock Tech has met the liquidity requirements of previous financial years almost exclusively through a series of capital injections (see equity ratio > 90%). Together with the issue of a convertible bond amounting to CAD 0.60 million, the company has acquired fresh liquidity of CAD 18.67 million since 2009 through corporate actions, which has more than balanced the accumulated free cash flow of CAD -16.92 million. Most recent-

ly, in the previous financial year and in the first six months of the current financial year, liquid funds totalling CAD 2.12 million were collected within the scope of exercised share options and warrants.

Capital-raising measures and liquidity development (in mCAD)



Sources: Rock Tech; GBC AG

With this, the company has liquid funds of CAD 2.1 million as of the end of the first six months of 2018 (reporting date: 30/06/18).

Based on our estimates of the expected medium-term project development measures (exploration, studies, etc.) in the Georgia Lake area to prepare for the production and the overhead costs incurred, a liquidity requirement of around CAD 5.0 million is to be expected. Accordingly, we are expecting to carry out further capital-raising measures in the medium term to release the necessary funds for this.

Effects of the company's efforts to further develop projects & project acquisitions

Georgia Lake project

The intensive project development measures and project investigations from the previous 18 months have led to a successful NI-43-101-compliant resource update by DMT. As a result, the previous resource estimates from the last NI-43-101-compliant survey in 2012 were increased considerably and improvements were made in the stated resource categories.

On 27/06/2018, Rock Tech announced the results of this resource check. The new NI-43-101-compliant report, which estimated 13.29 million tonnes of lithium-bearing rock, therefore revealed a significant increase in the previously estimated deposit (previously: 9.5 million tonnes) and an adjustment of the resource categories.

According to the new resource update from DMT, Rock Tech has "measured resources" – the highest resource category – for the first time. Based on their extensive investigations, the commodities experts are now assuming a total of 1.89 million tonnes (Li₂O grade: 1.04%) of "measured resources", 4.68 million tonnes (Li₂O grade: 1.00%) of "indicated resources" and 6.72 million tonnes (Li₂O grade: 1.16%) of "inferred resources". This corresponds to an equivalent of around 145,000 tonnes of lithium oxide (previously: approx. 98,000 tonnes of lithium oxide (Li₂O)) or 360,000 tonnes of lithium carbonate equivalent (LCE). For classification and illustration: this is enough to manufacture over 7 million Tesla Model S batteries.

Current and previous resource estimates

NI 43-101 Category	Old resource estimate (for 2012, in tonnes)	Grading Li ₂ O	New resource estimate (for 2018, in tonnes)	Grading Li ₂ O
Inferred resources	6,310,000	1.00%	6,720,000	1.16%
Indicated resources	3,190,000	1.10%	4,680,000	1.00%
Measured resources	-	-	1,890,000	1.04%
Total	9,500,000	1.03%	13,290,000	1.09%

Source: Rock Tech

Furthermore, the company announced in June this year that it had commissioned DMT to carry out a preliminary economic assessment (PEA) of the core asset Georgia Lake. The revaluation of the resources by DMT provided a good foundation for this.

On 02/10/2018, Rock Tech disclosed the results of the complete preliminary economic assessment. The core area of the Georgia Lake reserve was valued at CAD 312.0 million (Net Present Value, NPV) with an IRR of 62.2%. It should be noted here that the PEA is only focused on a partial area of the Georgia Lake region: the area around the Nama Creek Main Zone, which is comprised of “measured resources” and “indicated resources”. However, the study does not consider “inferred resources”, which the company has defined in other sub-sections of the Georgia Lake area and are part of the new resource estimates. The results of the PEA, therefore, show the economic potential of the core asset Georgia Lake and also the success of the previous development work in the lithium project.

Expansion of the project portfolio with the addition of lithium brine reserves in Nogalito

In the current financial year 2018, Rock Tech has announced the purchase of lithium brine reserves in Nogalito (Mexico). In this way, the company has been able to secure an additional lithium production source. Despite this acquisition, however, the company is still primarily concentrating on the further development of the Georgia Lake project, especially as such a hard rock project can generally also be moved to production more quickly. With the aid of this new project, the company also has the opportunity to benefit even more from the development of the market for batteries containing lithium in the long term.

SWOT-Analysis

Strength	Weaknesses
<ul style="list-style-type: none"> • Management and advisory board have knowledge and expertise in the areas of finance and mining • The main project Georgia Lake represents a great lithium asset with good lithium stone values in a Canadian mining region • The newly acquired lithium brine project in Nogalito (Mexico) offers further upside potential from a long-term perspective • Good infrastructure and easy access for energy and the workforce as well as support from the indigenous peoples (First Nations) • Proven fundraising skills by management • Significant participation by the management in the company 	<ul style="list-style-type: none"> • Dependent on individual key persons • Generally small company size • Relatively low capital
Opportunities	Risks
<ul style="list-style-type: none"> • Expected boom in e-mobility and home storage; we expect double-digit growth rates for both markets in the long term • Further sharp increase in the price of lithium expected due to a limited lithium supply, additional capacity development or expansion in the lithium market is a lengthy process • Higher lithium reserves than expected; the Georgia Lake area is in a region in Canada with very high lithium deposits • Acquisition of additional commodity assets, e.g. in the lithium sector in the hard rock or brine segments (lithium brine projects) • Mining of additional metals, such as rubidium, caesium and tantalum • 0.99 million tonnes of historical resources still available, which can be converted to NI-compliant resources 	<ul style="list-style-type: none"> • Volatility in the price of lithium • In the event of a joint-venture production, the actual mining costs could significantly exceed the expected revenue • Potential technological threat from alternative energy suppliers or storage systems • Larger competitors could cause a sharp decrease in prices due to capacity expansions, which could negatively affect profitability. • In the case of independent lithium mining, the company is largely dependent on external sources of financing

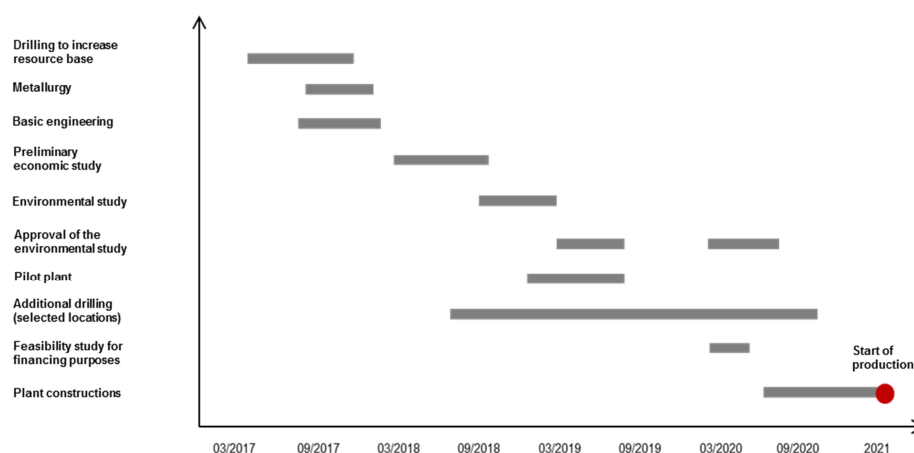
VALUATION

Our valuation of Rock Tech Lithium Inc. (Rock Tech) is based on a two-stage model: the first step is a project evaluation of the main project in Georgia Lake (quasi-feasibility valuation), and the second step is a valuation of mainly non-project-related overhead costs. Even if we assume that Rock Tech will not ultimately be a producer of lithium carbonate – which from our perspective is highly likely – and will therefore not be producing the finished basic material for use in batteries containing lithium (but rather will sell the developed project), we have prepared the project valuation based on value creation as a whole. Taking into account specific risk measures, the objective is to determine a project value that can serve as a basis for a purchase price decision by an external buyer. This is in line with the possible corporate strategy in which a sale to a commodity producer, battery manufacturer, automobile manufacturer or other prospective buyer is possible. Accordingly, our project valuation also takes into account the initial investments that a producer or buyer would have to contribute.

Valuation of the Georgia Lake project

As a basis for the project valuation, we have used the determined resources according to a survey for the main Georgia Lake project (NI-43-101-compliant resource estimate dated 27/06/2018) of 1.89 million tonnes (measured resources), 4.68 million tonnes (indicated resources) and 6.72 million tonnes (inferred resources) and thus a total of 13.29 million tonnes of NI-compliant resources. Based on a conservative approach, we have therefore not yet taken into account the currently still estimated approximately 0.99 million tonnes of historic lithium-bearing reserves. These could possibly still be converted into NI-compliant resources through exploration efforts. In total, as a basis for our valuation, the Georgia Lake project has total reserves of 13.29 million tonnes with a lithium oxide purity grade of 1.1%.

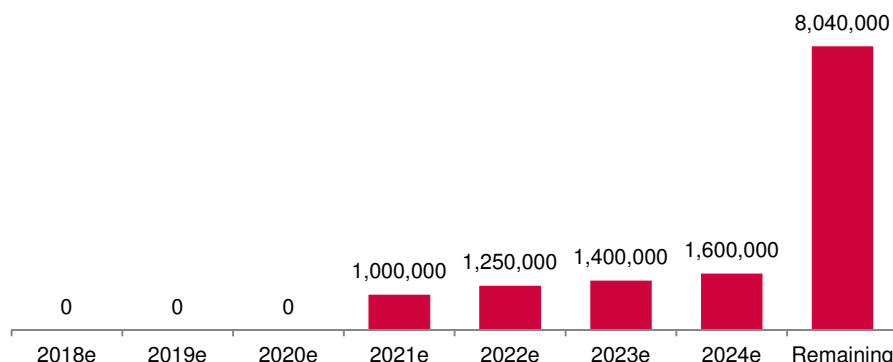
Schedule to production



Source: GBC AG

In accordance with the potential production timeline presented previously, the potential mining and subsequent lithium production could be expected from financial year 2021. From this time, we are assuming annual mining of at least 1.00 million tonnes of lithium-bearing rock. Our valuation is based on the following mining activities:

Mining of lithium-bearing rock (in tonnes)



Source: GBC AG

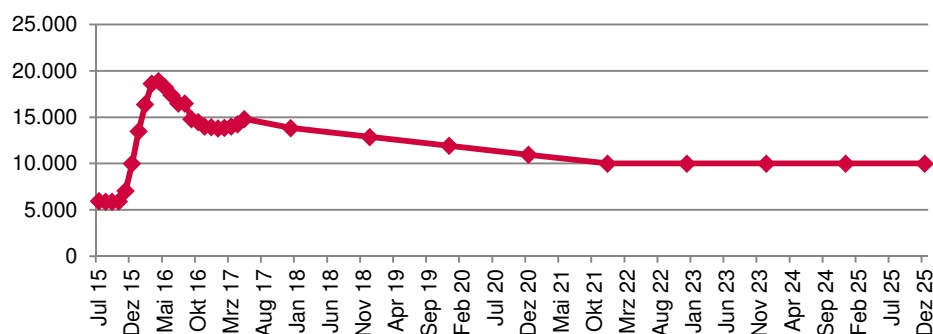
Building on the above, and taking into account the purity grades and the conservative assumption of a “harvest” of 70% lithium from the lithium-bearing hard rock, we have prepared our forecasts for the production of lithium oxide (Li₂O). For the production of the end product of lithium carbonate (Li₂CO₃), a factor of 2.473 is applied (see the Rock Tech website; lithium conversion table):

	2021e*	2022e	2023e	2024e	Remaining
Mining (in tonnes)	1,000,000	1,250,000	1,400,000	1,600,000	8,040,000
Degree of purity	1.1%	1.1%	1.1%	1.1%	1.1%
Lithium oxide (in tonnes)	11,000	13,750	15,400	17,600	88,440
Degree of mining	70.0%	70.0%	70.0%	70.0%	70.0%
Lithium oxide (in tonnes)	7,700	9,625	10,780	12,320	61,908
Conversion factor	2.473	2.473	2.473	2.473	2.473
Lithium carbonate (in tonnes)	19,042	23,803	26,659	30,467	153,098

Source: GBC AG * Note: No production until 2020 and therefore no valuation yet

The price for lithium carbonate, as a basic material for the manufacture of batteries containing lithium, has increased significantly in recent years due to significant rise in demand without a proportionate increase in supply. The most recent price was around USD 14,000/tonne, whereas the price was USD 5,950/tonne as late as July 2015 (source: Asian Metal). In our view, the high price level is likely to remain and perhaps even increase further. However, for the sake of a conservative approach, we have assumed a normalisation and a stable price level in our valuation. We regard a long-term price of USD 10,000/tonne as realistic for our valuation model:

Conservative price estimate for lithium carbonate (in USD/tonne) for valuation



Source: Own estimates (conservative scenario) of GBC AG

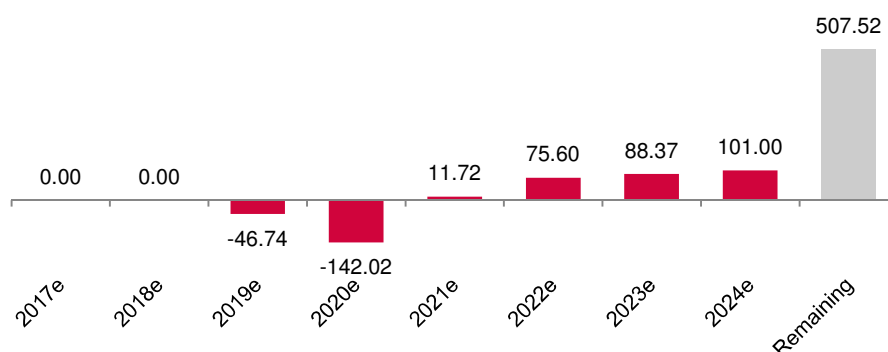
As a benchmark for the mining costs, we determined average mining costs of approximately USD 5,000/tonne, based on feasibility studies for similar lithium mines. However, we have identified high levels of fluctuations in the studies researched so that, taking a conservative approach, we have applied an upper bandwidth of USD 6,100/tonne for mining costs. Mining costs include all the operating costs of a mine (energy, personnel, write-offs, maintenance and other costs). This gives rise to the following EBIT and NOPAT assumption:

	2021e*	2022e	2023e	2024e	Remaining
Lithium carbonate (in tonnes)	19,042	23,803	26,659	30,467	1,530,985
Price in USD/Tonne	10,000	10,000	10,000	10,000	10,000
Mining costs in USD/tonne	6,100	6,100	6,100	6,100	6,100
EBIT contribution in USD/tonne	3,900	3,900	3,900	3,900	3,900
EBIT in mUSD	74.26	92.83	103.97	118.82	597.08
Taxes in mUSD	11.14	13.92	15.60	17.82	89.56
NOPAT	63.12	78.91	88.37	101.00	507.52

Source: GBC AG *Note: No production until 2020 and therefore no valuation yet

We have derived the initial costs for the establishment of a mine from feasibility studies for similar mines, as for the operating costs. For the purposes of a regression analysis, we have determined initial costs totalling USD 224.72 million, assuming the annual production performance forecast by us. The full free cash flow the Georgia Lake project, after taking into account financing costs at 4.0%, is as follows, according to the model:

Free cash flow (in mUSD)



Source: GBC AG

Valuation (DCF model)

Given a discount factor of 11.8% (previously: 12.0%, adjusted due to a change in the risk-free interest rate), the net present value of free cash flow is USD 236.31 million. The present value must still be reduced by the risk measure according to the risk classification of the current geological deposits determined in accordance with NI. For the “measured resources”, we estimated a probability of occurrence (likelihood that the estimated resources are actually present) of 95.0%, for the “indicated resources” we used a probability of occurrence of 70.0% and for the “inferred resources” we used 30.0% (source: Valuation of Metals and Mining Companies). Averaged out over the Georgia Lake deposits, this results in a probability of occurrence of 53.3% or, a risk deduction of 46.7%. If any deposits are re-categorised in the future, the relevant risk deduction will change accordingly.

Resource categories

Inferred mineral resources	Indicated mineral resources	Measured mineral resources
Probability of mineralization is 10% or higher.	Probability of mineralization is 50% or higher.	Probability of mineralization is 90% or higher.

Source: *Valuation of Metals and Mining Companies*

According to our calculation, the Georgia Lake project therefore has a net present value of USD 126.02 million, or, at an exchange rate of USD/CAD 1.31, CAD 165.09 million.

	2018e	2019e	2020e	2021e	2022e	2023e	2024e	Remaining
Free cash flow in mUSD	0.00	-46.74	-142.02	11.72	75.60	88.37	101.00	507.52
Cost of capital	11.8%							
Net present value in mUSD	236.31							
Risk discount*	46.7%							
Net present value after risk discount in mUSD	126.02							
Net present value in mCAD	165.09							
Net present value in mEUR	110.61							

Source: GBC AG

*According to the probability of resource category

We have also calculated the overhead costs of Rock Tech Inc. as a present value of CAD -12.27 million and have therefore deducted the Georgia Lake project from the valuation base. **Overall, this gives rise to a total enterprise value of CAD 152.82 million, or CAD 4.05 per share (previously: CAD 4.00). This corresponds to a stock price target of EUR 2.71 (previously: €2.56). The change in stock price target results from slight dilution effects and an adjusted cost of capital due to a change in risk-free interest rates. Possible dilutive effects from warrants and options are also taken into consideration in our valuation (full dilution approach).**

Fair value Georgia Lake	165.09 Mio. CAD
Fair value overhead costs	-12.27 Mio. CAD
Fair value Rock Tech Lithium Inc.	152.82 Mio. CAD
Number of shares in millions (by full dilution)	37.7
Fair Value per share in CAD	4.05 CAD
Fair value per share in EUR	2.71 EUR

Sensitivity analysis regarding WACC (cost of capital)

WACC	10.75%	11.25%	11.75%	12.25%	12.75%
Fair value per share in €	2.94	2.83	2.71	2.60	2.50

Source: GBC AG

ANNEX

I.

Research under MiFID II

1 There is a contract between the research company GBC AG and the issuer regarding the independent preparation and publication of this research report on the issuer. GBC AG is remunerated for this by the issuer.

2 The research report is simultaneously made available to all interested investment services companies.

II.

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Section 2 (I) Updates

A detailed update of the present analysis/analyses at any fixed date has not been planned at the current time. GBC AG reserves the right to update the analysis without prior notice.

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The recommendations/classifications/ratings are linked to the following expectations:

BUY	The expected return, based on the calculated target price, including dividend payments within the relevant time horizon, is $\geq +10\%$.
HOLD	The expected return, based on the calculated target price, including dividend payments within the relevant time horizon is $> -10\%$ and $< +10\%$.
SELL	The expected return, based on the calculated target price, including dividend payments within the relevant time horizon is $\leq -10\%$.

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GBC AG is currently represented by its board members Manuel Hölzle (Chairman) and Jörg Grunwald.

The analysts responsible for this analysis are:

Marcel Goldmann, M.Sc., financial analyst

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